COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.   4351-01
BILL NO.   HB 2059
SUBJECT: County Officials: Taxation and Revenue-Property
TYPE: #Corrected
DATE: March 7, 2000
#to change references to "assessors" to references to "collectors"

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	$0	($2,733,333)	($2,866,666)
State School Moneys	$0	$0	$0
Total Estimated Net Effect on All State Funds	**$0**	**($2,733,333)**	**($2,866,666)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	**$0**	**$2,733,333**	**$2,866,666**

Numbers within parentheses: ( ) indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

#Officials of the **State Tax Commission** estimate increases would have been about $3,400,000 per year to county tax maintenance funds for 1998 had this proposal been in effect. Collections in non-first classification counties were $713,000,000. Deducting the first $350,000 in 99 counties leaves about $678,000,000. A 1/2% increase would be about $3,400,000.

Assuming 6% per year increases, collections in non-first classification counties would be $850,000,000 in 2001. Deducting the first $350,000 in 99 counties would leave about $815,000,000. A 1/2% increase would be about $4,100,000.

Officials of the **Department of Elementary and Secondary Education** estimate increased costs due to changes in section 163.031 would have been approximately $9,656,000 per year had the proposed changes been in place for the 1999-2000 school year:

Because the county would be keeping a portion of the school district's local tax revenue, the district's state aid would be increased. Districts whose current Basic Formula and Line 14 amount per eligible pupil is greater than the 1992-93 amount per eligible pupil would have the Line 2 deduction reduced by the amount of increased commissions certified by collectors and ex-officio collectors. This reduction in Line 2 would increase the need for state dollars by approximately $10 million to maintain a Line 1 proration factor of 1.00. Hold harmless districts (those whose 1992-93 amount per eligible pupil is greater than the current year per eligible pupil) in first class counties would receive an increase in the state payment the amount certified by the county collector.

Methodology using 1999-00 formula calculations:

Estimated 1999 assessed value of non-state assessed property = $56,800,000,000
Average tax rate (as used in state aid formula) = $3.40 per $100 assessed valuation
$56,800,000,000/$100 x $3.40 = $1,931,200,000 estimated taxes collected.
$1,931,200,000 x .01 = $19,312,000 estimated amount counties currently keep.
$1,931,200,000 x .015 = $28,968,000 estimated amount counties would keep.

$9,565,000 estimated amount counties would notify E to reduce Line 2. (This is based on an average tax rate. The actual effect will vary from county to county depending upon tax rates in each school district.)

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ASSUMPTION (continued)

#For purposes of this fiscal note **Oversight** assumes the amounts collectors would report would be close to the figures estimated by the Tax Commission and inflated by 6% per year. Oversight also assumes that 2/3's of the amount would come from school districts.

FISCAL IMPACT - State Government	FY 2001	FY 2002 (12 Mo.)	FY 2003
GENERAL REVENUE FUND			
Cost - Increased transfers to State School Moneys Fund	$0	($2,733,333)	($2,866,666)
NET EFFECT ON GENERAL REVENUE FUND	**$0**	**($2,733,333)**	**($2,866,666)**
STATE SCHOOL MONEYS FUND			
Income - Transfers from General Revenue Fund	$0	$2,733,333	$2,866,666
Cost - Distributions to School Districts	$0	($2,733,333)	($2,866,666)
NET EFFECT ON STATE SCHOOL MONEYS FUND	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2001	FY 2002 (12 Mo.)	FY 2003
POLITICAL SUBDIVISIONS			
Income-Tax Maintenance Funds # Increased Collectors Fees	$0	$4,100,000	$4,300,000
Income-School Districts Increased Distributions from State	$0	$2,733,333	$2,866,666

FISCAL IMPACT - Local Government	FY 2001	FY 2002 (12 Mo.)	FY 2003
Loss-School Districts			
# Increased Collector Fees	$0	($2,733,333)	($2,866,666)
Loss-Other Subdivision funds			
# Increased Collector Fees	$0	($1,366,667)	($1,433,334)
NET EFFECT ON POLITICAL SUBDIVISIONS	**$0**	**$2,733,333**	**$2,866,666**

FISCAL IMPACT - Small Business

No direct fiscal effect on small businesses would be expected due to this proposal.

DESCRIPTION

This proposal would:

1) add an additional fee which would go into a Tax Maintenance Fund for each county;

2) require the State Tax Commission to certify equivalent sales ratios for each school district higher than thirty one percent (currently thirty-one and two-thirds percent), after January 1, 2001; and

3) change the state aid formula for school district entitlement by crediting districts for the increased amount of collectors fees authorized by this proposal.

Points 1) and 2), above, have an effective date of January 1, 2001.

Changes to the foundation formula- point 3), above, has an effective date of July 1, 2001.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would not affect Total State Revenue.

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SOURCES OF INFORMATION

Department of Elementary and Secondary Education
State Tax Commission

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